

Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 SCI-06 SCEM-02 INT-08 SPC-03 AID-20

EB-11 NSC-10 RSC-01 CIEP-02 TRSE-00 SS-20 STR-08

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USIA-15 PRS-01 NIC-01 COME-00 DRC-01 CU-04 AF-10

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R 111333Z JAN 74

FM AMEMBASSY WARSAW

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INFO AMEMBASSY BELGRADE

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AMEMBASSY BUDAPEST

/AMEMBASSY LONDON 942

AMEMBASSY MOSCOW

AMEMBASSY PARIS

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AMEMBASSY SOFIA

AMCONSUL POZNAN

USMISSION BERLIN

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E.O. 11652: N/A

TAGS: ENRG, ETRD, GE, PL

SUBJECT: JAROSZEWICZ-SINDERMAN JANUARY 2-3 MEETING IN WESTERN
POLAND.

REF: (A) BERLIN 0029; (B) WARSAW 0036 (C) WARSAW 0135

1. SUMMARY: POLISH PRESS REPORTING OF THE JANUARY 2-3 MEETING IN
WESTERN POLAND BETWEEN POLISH AND EAST GERMAN DELEGATIONS
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HEADED BY JAROSZEWICZ AND SINDERMAN HAS PROVIDED LITTLE

INFORMATION BEYOND THAT CONTAINED REF A. DELEGATIONS ARE SAID TO HAVE COVERED THE RANGE OF SUBJECTS THAT HAVE FIGURED IMPORTANTLY IN RECENT DISCUSSIONS BETWEEN THE TWO GOVERNMENTS, I.E., THE CHEMICAL INDUSTRY, COORDINATION OF INVESTMENTS, COOPERATION AND SPECIALIZATION IN INDUSTRY, TOURISM, EXCHANGES OF YOUTH AND OTHER GROUPS, AND SCIENTIFIC AND TECHNICAL COOPERATION. ENERGY WAS SINGLED OUT FOR SPECIAL MENTION IN TERMS VIRTUALLY IDENTICAL TO THOSE MENTIONED IN REF A, AND OUR IMPRESSION IS THAT IT MAY HAVE PLAYED AN IMPORTANT ROLE IN THE DISCUSSIONS, PARTICULARLY WHEN THEY ARE VIEWED IN THE CONTEXT OF THE RECENTLY SIGNED POLISH-SOVIET TRADE PROTOCOL FOR 1974 AND SUBSEQUENT ANNOUNCEMENTS HERE OUTLINING ADDITIONAL FUEL-CONSERVATION MEASURES. THIS MESSAGE SUGGESTS SOME AREAS OF MUTUAL INTEREST IN ENERGY WHICH MAY HAVE BEEN OF CONCERN TO THE DELEGATIONS. END SUMMARY.

2. POLISH-EAST GERMAN ENERGY TRADE CENTERS ON HARD-COAL PURCHASES BY THE GDR (POLAND SUPPLIED APPROXIMATELY 25 PERCENT OF EAST GERMANY'S CONSUMPTION IN 1972, ACCORDING TO POLISH STATISTICS), COKE (KOKS) (GDR PURCHASED ABOUT 25 PERCENT OF ITS 1972 CONSUMPTION FROM POLAND,) AND ELECTRICAL ENERGY (POLAND CLAIMS TO HAVE EXPORTED A NET OF APPROXIMATELY 190 MILLION KILOWATT HOURS TO THE GDR IN 1972). ANY OF THESE ENERGY SOURCES COULD HAVE PROVIDED A TOPIC OF CONVERSATION FOR THE DELEGATIONS. AS POLAND ENTERS THE WORLD PETROLEUM MARKET FOR INCREASING AMOUNTS OF ITS CRUDE OIL AND PETROLEUM PRODUCTS (REF B), COAL IS BECOMING INCREASING IMPORTANT NOT ONLY AS A SOURCE OF DOMESTIC ENERGY, BUT ALSO AS A MEANS OF PAYMENT FOR ESSENTIAL OIL IMPORTS. THIS WILL UNDOUBTEDLY PROMPT THE POLES TO EXPORT AS MUCH COAL TO WORLD MARKETS AS COMECON COMMITMENTS AND THE SOVIETS WILL ALLOW. POLAND'S COMECON COAL CUSTOMERS MAY BE FEELING SOME APPREHENSION ABOUT POLISH EAGERNESS TO FIND WESTERN MARKETS FOR HARD-COAL EXPORTS.

3. THE RECENTLY PUBLISHED POLISH RESTRICTIONS ON FUEL CONSUMPTION (REF B) SPECIFICALLY REFER TO CONTROLS OVER THE PURCHASE OF MOTOR-VEHICLE FUEL BY FOREIGNERS. WE UNDERSTAND THAT THIS REGULATION IS DIRECTED PRIMARILY AT EAST GERMAN AND LIMITED OFFICIAL USE

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CZECHOSLOVAKIAN DRIVERS (GASOLINE AT THE PUMP IS 40 PERCENT CHEAPER IN POLAND THAN IN THE GDR, AND THIS TOPIC MAY ALSO HAVE BEEN RAISED IN THE DELEGATIONS' ENERGY DISCUSSION.

4. BOTH THE POLES AND THE EAST GERMANS ARE NEARLY TOTALLY DEPENDENT UPON SOVIET CRUDE-OIL SUPPLIES. WE NOT FROM STATISTICS AVAILABLE TO US THAT POLAND IMPORTED JUST OVER

9.7 MILLION TONS OF CRUDE OIL FROM THE USSR IN 1972, WHILE THE GDR OBTAINED APPROXIMATELY 11.2 MILLION TONS FROM THE SOVIETS DURING THE SAME PERIOD. IF, AS MAY HAVE BEEN FORESHADOWED IN RECENT ARTICLE IN A POLISH WEEKLY (REF C), PRICE INCREASES ARE IN STORE FOR COMECON CONSUMER OF SOVIET OIL WHEN THEIR CURRENT SUPPLY AGREEMENTS EXPIRE, BOTH POLAND AND EAST GERMANY MAY HAVE SOME SERIOUS ECONOMIC ADJUSTMENTS TO MAKE WHICH WOULD BE LIKELY TO AFFECT THEIR BILATERAL TRADE.

5. COMMENT: WE FIND IT INTERESTING THAT THE TWO CHIEFS OF GOVERNMENT, ACCOMPANIED BY THEIR MINISTERS OF MINING AND POWER, MET WITHOUT ADVANCE NOTICE IN WESTERN POLAND AT THE SAME TIME THAT THEIR FOREIGN-TRADE TECHNICIANS WERE NEGOTIATING THE POLISH-EAST GERMAN TRADE PROTOCOL FOR 1974 IN WARSAW. ALTHOUGH IT IS TRUE THAT SUCH PERIODIC GET-TOGETHERS AT "FIXED INTERVALS" HAD BEEN AGREED UPON DURING THE VISIT OF GIEREK AND JAROSZEWICZ TO BERLIN IN JUNE 1973, WE FIND THE OFFICIAL LINE THAT THIS SINDERMANN-JAROSZEWICZ MEETING WAS ROUTINE SOMEWHAT FORCED. WE THINK IT MORE LIKELY THAT IT WAS PROMPTED BY PROBLEMS OF ECONOMIC COOPERATION AND TRADE HAVING BEEN BROUGHT MORE SHARPLY INTO FOCUS BY THE INTERNATIONAL ENERGY CRISIS, THUS CREATING DIFFICULTIES IN THE 1974 TRADE NEGOTIATIONS. PRESUMABLY THE TWO CHIEFS OF GOVERNMENT, MEETING WITH A MINIMUM OF CEREMONY AT AN OBSCURE LOCATION, WERE ABLE TO RESOLVE THESE PROBLEMS, AT LEAST SUFFICIENTLY TO PERMIT THE SIGNING OF THE 1974 TRADE PROTOCOL. BUT THEIR MUTUAL LONGER RANGE ENERGY AND RESOURCES PROBLEMS WILL PROBABLY REQUIRE FURTHER HIGH-LEVELS ATTENTION IN THE FUTURE.

DAVIES

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